

## Message Text

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PAGE 01 SANTIA 09136 172146Z

14

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

AID-05 /069 W

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P 172104Z SEP 76

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 1438

AMEMBASSY BOGOTA PRIORITY

AMEMBASSY CARACAS PRIORITY

AMEMBASSY LA PAZ PRIORITY

AMEMBASSY LIMA PRIORITY

AMEMBASSY QUITO PRIORITY

AMEMBASSY BRASILIA PRIORITY

AMEMBASSY BUENOS AIRES PRIORITY

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E.O. 11652: N/A

TAGS: ECIN EAL CI

SUBJECT: ANDEAN PACT: BREAKUP OF LIMA MEETING

REF: SANTIAGO 8515

1. SANTIAGO NEWSPAPERS YESTERDAY AND TODAY REPORTED THE FAILURE OF THE ANDEAN PACT COMMISSION MEETING IN LIMA THIS WEEK TO REACH AGREEMENT ON CHILE'S INSISTENCE UPON REFORMS OF THE PACT'S FOREIGN INVESTMENT STATUTE AND EXTERNAL TARIFF. NEVERTHELESS, MINISTER OF ECONOMY SERGIO DE CASTRO, UPON RETURNING TO SANTIAGO FROM LIMA, DECLARED THAT CHILE HAS NO PLANS TO RETIRE FROM THE PACT.

2. ADELIO PIPINO, CHILEAN REPRESENTATIVE TO THE ANDEAN PACT, ISSUED AN OFFICIAL STATEMENT FOR THE GOVERNMENT WHICH WAS PRINTED IN EL MERCURIO TODAY. STATEMENT EMPHASIZES FUNDAMENTAL DIFFERENCES BETWEEN CHILE AND THE OTHER FIVE MEMBERS REGARDING "PATHS OF DEVELOPMENT." CHILE HAS REACHED THE DECISION THAT IT MUST

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PAGE 02 SANTIA 09136 172146Z

CONTINUE ON ITS OWN PATH, FACILITATING FOREIGN INVESTMENT AND

IMPORTS TO THE MAXIMUM EXTENT. PIPINO NOTED THAT DESPITE MAJOR EFFORTS EXERTED BY ALL MEMBERS OF THE LIMA MEETING, THE PRESIDENT OF THE ANDEAN PACT COMMISSION (LUIS BARANDIARAN) WAS FORCED TO CONCLUDE THAT NO ACCOMMODATION OF THE CHILEAN POSITION APPEARED POSSIBLE.

3. CHILE APPEARS NOW CLOSER THAN EVER TO BE PLACING ITSELF OUTSIDE OF THE ANDEAN PACT. HOWEVER, THE GOC STILL CONSIDERS ITS POSITION JURIDICALLY SOUND, I.E., ITS REFUSAL TO BEND TO THE WILL OF THE OTHER FIVE MEMBERS DOES NOT BY ITSELF ELIMINATE CHILE FROM THE PACT. RATHER, THE INITIATIVE IS WITH THE FIVE EITHER TO ACCOMMODATE CHILE OR TO DISSOLVE THE PACT AS IT STANDS AND START OVER AGAIN. AS EARLIER REPORTED, CHILEAN SELF-ASSURANCE IN THIS ENCOUNTER IS GREATLY BOLSTERED BY THE SYMPATHETIC RECEPTION THEY FEEL THEIR CONCERNS ARE MEETING WITHIN THE ARGENTINE GOVERNMENT. RUMORS ARE CIRCULATING ABOUT CLOSER ECONOMIC TIES, AND EVEN A CUSTOMS UNION, WITH ARGENTINA.

4. WOULD APPRECIATE EMBASSY BUENOS AIRES COMMENTS ON HOW THE ARGENTINES VIEW SUCH CHILEAN ASPIRATIONS.  
POPPER

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## Message Attributes

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